

In The Matter Of:
PUBLIC WORKS DIVISION
VIDEO CONFERENCE BOARD MEETING

September 8, 2016

Capitol Reporters
208 N. Curry Street

Carson City, Nevada 89703

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Public Works Division

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PUBLIC WORKS DIVISION
VIDEO CONFERENCE BOARD MEETING

September 8, 2016

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1	STATE OF NEVADA	1	CARSON CITY, NEVADA; WEDNESDAY, SEPTEMBER 8, 2016; 9:30
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3	PUBLIC WORKS DIVISION VIDEO CONFERENCE BOARD MEETING	2	
4	WEDNESDAY, SEPTEMBER 8, 2016	3	
5	9:30 A.M.	4	CHAIR CLUTTS: Good morning. We're going to
6		5	get started. This is the time and the place set for the
7	CARSON CITY, NEVADA	6	State Public Works Board Administrator CIP
8		7	Recommendations to the Board, Thursday, September 8th,
9		8	2016, at 9:30 a.m. Given that the reporter is in Carson
10	THE BOARD:	9	City, I would just ask that everybody state your name
11	BRYCE CLUTTS, Chair	10	before you speak and speak up. The first item of
12	SEAN STEWART, Vice-Chair	11	business is roll call.
13	GUS NUNEZ, Administrator	12	ADMINISTRATOR NUNEZ: Chairman, for the
14	CHRIS CHIMITS,	13	record, Gus Nunez, Administrator. I'll be taking roll
15	Deputy Administrator	14	call. Chairman Bryce Clutts?
16	PATRICK CATES, Member, Director	15	CHAIR CLUTTS: Present.
17	TITO TIBERTI, Member	16	ADMINISTRATOR NUNEZ: Vice-Chair Sean
18	ADAM HAND, Member	17	Stewart?
19	CLINT BENTLEY, Member	18	VICE-CHAIR STEWART: Present.
20	MASON GORDA, Member	19	ADMINISTRATOR NUNEZ: Member Mason Gorda?
21		20	MEMBER GORDA: Present.
22		21	ADMINISTRATOR NUNEZ: Member Clint Bentley?
23		22	MEMBER BENTLEY: Present.
24		23	ADMINISTRATOR NUNEZ: Member Tito Tiberti?
25		24	MEMBER TIBERTI: Present.
		25	ADMINISTRATOR NUNEZ: Member Adam Hand?
Page 2		Page 4	
1	AGENDA/INDEX	1	MEMBER HAND: Present.
2	AGENDA ITEM	2	ADMINISTRATOR NUNEZ: Member Patrick Cates?
3		3	DIRECTOR CATES: Present.
4	1. Roll Call	4	ADMINISTRATOR NUNEZ: We have a quorum.
5		5	CHAIR CLUTTS: Thank you, Mr. Nunez. The
6	2. Public Comment	6	second item of business, public comment. Is there any
7		7	public comment?
8	3. For Possible Action: Discussion and Possible	8	MR. CORRADO: Yes. Yes, sir.
9	Action on the Administrator's Recommendation to the	9	COUNSEL MENICUCCI: We do in Carson City,
10	Board for the 2017 Capital Improvement Program.	10	yes.
11	In accordance with NRS 341.1008.(d), the Administrator	11	MR. CORRADO: In Carson City, sir.
12	shall "prepare and submit to the Board, for its approval,	12	CHAIR CLUTTS: Go ahead. There's nothing
13	the recommended priority for proposed capital improvement	13	down in Las Vegas, so please proceed.
14	projects and provide the Board with an estimate of the	14	MR. CORRADO: I think before you, you have a
15	cost of each project."	15	handout.
16	4. For Possible Action: Board Comment and	16	CHAIR CLUTTS: Please state your full name,
17	Discussion	17	sir.
18	- Board comments on any agenda item	18	MR. CORRADO: Paul G. Corrado:
19	- Items to be included in future agendas	19	C-O-R-R-A-D-O. 4100 Meadow Wood Road, Carson City,
20	- Review of action items for SPWD Management	20	Nevada 89703. And I come to you for the third time this
21	- Set future meeting date if needed -	21	year about Lakeview Property Association land use
22	September 15, 2016	22	conflict identification and mitigation alternatives. The
23		23	issue is incompatibility of uses.
24		24	Governmental -- government industrial land
25		25	use is juxtaposed to single family residential use on

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<p style="text-align: right;">Page 5</p> <p>1 Hobart Road in Carson City, Nevada, and we can look at 2 the attached photos in a minute, but the bottom line is 3 we have an historical site there that is on approximately 4 1 acre, and we have a corp. yard, a corporation yard with 5 a butler building or a pre-engineered building there that 6 is on approximately 2 acres. 7 These incompatible uses, industrial 8 surrounded by residential, have created issues for the 9 people who live in the area, one of them being that there 10 are two -- there are four houses that surround this area, 11 and one of them has been on -- two of them are for sale, 12 and one of them's been on the market for over nine 13 months. And so there's a real issue here, especially 14 with the corporation and the yard being used by NDOT. 15 Now, NDOT has been doing a project that directly benefits 16 the 200 homes in Lakeview, and we appreciate what they've 17 done. 18 However, I have two proposed solutions 19 because I don't think it's important -- because I think 20 it's important to bring a solution if you're going to 21 have a problem, and there are two proposed solutions. 22 One is a no-cost alternative, and that is to sell two of 23 the 2.99 acres used to -- and use the funds to move the 24 equipment and the pre-engineered building up to the tanks 25 which are much closer to Marlette Lake. It would also</p>	<p style="text-align: right;">Page 7</p> <p>1 establish costs that can be presented to either you 2 gentlemen or to the legislature for funding, because if 3 we want something and we say, "Well, how much is it going 4 to be?" And we say, "I don't know," that's not an 5 adequate answer, in my opinion. 6 So one of the things I'd like you to do now 7 is just take a look at the second page here because 8 that's a panoramic view of the area. You can see the 9 existing fence on the right-hand side is one of those 10 6-foot with a light screen. It's not really good for 11 much of anything, but it is absolutely ugly, and I can 12 make that determination because I am a registered 13 landscape architect, and I am allowed to judge 14 aesthetics, which I don't know if a professional engineer 15 is allowed to do. 16 Bottom line is that we not only have that 17 house there, but you can see there's a front-end loader 18 to the left of it, of the actual butler building. To the 19 right of it, there's a new pickup truck as well as a new 20 dump truck. Neither one of those is capable of being 21 stored inside that facility at this point in time. You 22 can see the last remnants of the corp yard that was used 23 for the NDOT project. 24 You can also see if you look just to the 25 right of those two trucks, there's some other equipment</p>
<p style="text-align: right;">Page 6</p> <p>1 provide not only the area for where the actual equipment 2 is used, but also for some emergency management, possibly 3 in the area if there were a fire or whatever other 4 emergencies there might be. So I'm going to ask you to 5 move the pre-engineered building up to the tanks where 6 the equipment is actually used and construct a suitable 7 office, if necessary, for the Marlette administrative 8 staff -- there's two people -- at the historic site if 9 required. 10 The second alternative is to construct a site 11 screen consisting of 6-foot high Con Heart redwood fence 12 with a double row of mixed conifers, 15-gallon size, use 13 of Stewart Camp workers to reduce the costs associated 14 with the fence, to have them plant the trees, install a 15 drip irrigation, construct the fence. 16 Now, in order to do that, either one of them, 17 I think the proposed next action would be to conduct a 18 feasibility study on alternative one to see if it's even 19 possible and -- because this would include mitigation of 20 incompatible uses, possibly violations of EPA dust 21 hazard, and light pollution as well as noise, which is 22 not mentioned in that first. 23 The other one would be to develop a sign -- a 24 design for the property line screen with sufficient 25 detail and scope of work to allow for an estimate to</p>	<p style="text-align: right;">Page 8</p> <p>1 there. That's going to be gone in about three weeks when 2 they finish -- they've already jacked and bored the pipe 3 underneath the road. This is a pipe that will take the 4 140-year-old pipe there right now, and at this location, 5 it's amazing to me that it has sustained continuous use 6 since 1875, and that the PSI is anywhere from 600 PSI to 7 900 PSI at that location, so it would pretty much take 8 out the road, if anything happened. 9 Now, if you look at the next slide, the next 10 sheet of paper, you can see the fence on the left-hand 11 side. There's some of the remnants of the old fence. 12 There's a chain-link fence, but also on the right-hand 13 side, you can see the house that's been renovated. This 14 is a historic site, and directly in front of it is some 15 of the incredible investment that the State of Nevada has 16 made in that site, and that is the aboveground septic 17 field. And in back of that, you can see some of the 18 construction equipment. 19 What we're saying is that there's some 20 incompatible uses here, but the uses are a significant 21 noose -- nuisance, including and especially, this is our 22 front door. This is where we come into our subdivision, 23 and I believe we have one of the nicest subdivisions in 24 Carson City as well as anywhere in Northern Nevada. And 25 we would like these issues addressed, and that's the</p>

<p style="text-align: right;">Page 9</p> <p>1 testimony that I have. Are there any questions? 2 CHAIR CLUTTS: Thank you, Mr. Corrado. Are 3 there any questions from the Board? Are there any 4 questions up in Carson City? Thank you, Mr. Corrado. 5 MR. CORRADO: Thank you, Chairman. I 6 appreciate it. 7 MS. LADERMAN: May I make a comment, please? 8 MS. PASCIAK: Kathi Pasciak, for the record. 9 Member Clutts, we have another public comment. 10 MS. LADERMAN: I just wanted to make -- my 11 name is Connie Laderman. 12 CHAIR CLUTTS: Please state your name. 13 MS. LADERMAN: My name is Connie Laderman. I 14 live in Lakeview. I've lived there since 1998, and I 15 just wanted to come here today to support Paul Corrado, 16 what he has presented to you. 17 I also feel that it's incompatible to have 18 that corporate yard right there at the front entrance of 19 Lakeview, and I would like to encourage the State at a 20 minimum to at least put up a springing fence so when you 21 do come into the community, it's not such an eyesore. 22 That's all I really have to say. Thank you. 23 CHAIR CLUTTS: Thank you, ma'am. Is there 24 any other public comment? Hearing none, we'll move on to 25 Item No. 3 for possible action: Discussion and possible</p>	<p style="text-align: right;">Page 11</p> <p>1 for trends here; then the prioritization of the projects: 2 deferred maintenance, capital construction and historic 3 preservation. And at the end, we're going to summarize 4 all of those three recommendations for you in dollars. 5 Our vision is to -- let me give you a little 6 background and history on that. When we merged or found 7 out about the recommendation to merge -- that probably 8 happened on November of an even-numbered year prior to 9 the session, decisions were made and we had maybe like -- 10 I think we probably had about four or five weeks to put 11 the merger together. One of the things that we did in a 12 hurry, and I did it all on my own by myself, was come up 13 with this vision, mission and philosophy. 14 Three years ago, we typically, on the 15 odd-numbered years up to the legislature, we get 16 together, discuss what's happened during the session and 17 what we would like to accomplish during the next coming 18 biennium, as a group, with the staff, with top management 19 of staff and key employees. At that time, three years 20 ago, we developed this vision and now this mission and 21 philosophy with the Public Works staff and the B&G staff 22 that we merged together. 23 Again, our vision is to provide state 24 agencies that will occupy exemplary facilities. 25 Exemplary, I have to admit, that came from Mr. Chimits.</p>
<p style="text-align: right;">Page 10</p> <p>1 action on the Administrator's recommendation to the Board 2 for the 2017 Capital Improvement Program. Mr. Nunez? 3 ADMINISTRATOR NUNEZ: Thank you, 4 Mr. Chairman. For the record, Gus Nunez, Administrator, 5 Public Works Commission. We've prepared a PowerPoint 6 presentation for you today. It is our hope it will help 7 guide the Board toward a final recommendation for the 8 Governor by the end of the month. This is in accordance 9 with NRS 341.100 8.(d). "The Administrators shall 10 prepare and submit to the Board, for its approval, the 11 recommended priority for proposed capital improvement 12 projects and provide the Board with an estimate of the 13 cost of each project." 14 We've provided you the estimate of costs for 15 all of the projects that were submitted so far, and today 16 we're just primarily going to be talking to you -- this 17 presentation is geared toward the priority part of the 18 recommendation. We have outlined here on the second page 19 of the PowerPoint presentation as to what we're going to 20 cover today. The last couple of meetings with the new 21 members, we haven't -- I noticed that we have not gone 22 over our vision, mission and philosophy, a little history 23 on that; and we'll be talking a little bit about the 24 facility condition reports and some history on the amount 25 of maintenance funding, compare one to the other, looking</p>	<p style="text-align: right;">Page 12</p> <p>1 That's Mr. Chimits' work. Our mission is to provide 2 well-planned, efficient, and safe facilities to the State 3 agencies so they can effectively administer their 4 program. Again, we're a service agency to the rest of 5 the state. We don't provide any services to the citizens 6 to the state, but we support those agencies that provide 7 services to the State to our citizens. 8 And our philosophy, which is what we drive in 9 to all of our employees and talk about it all the time is 10 that we work as a team to build consensus, take pride in 11 our work, and we serve with humility. And we try to 12 drive that just every day at work. And I think that's 13 part of our success, is our philosophy at Public Works. 14 And I think, in my opinion, we are successful in 15 developing and implementing our CIP program, which is our 16 core business for the state and now. In addition to 17 that, maintaining our facilities. 18 Moving on to the next slide, this slide 19 basically shows the top line above is our projects, the 20 value of the projects that are included in our facility 21 condition analysis reports. And then down below is what 22 we've actually funded in prior bienniums, so starting in 23 '07 through '15. It's not quite a comparison of apples 24 to apples because the FCA is a planning document, so it's 25 planning level numbers not project numbers. It only</p>

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1 includes construction costs where the line below was
2 funded, that's total project costs. The one above only
3 addresses construction costs. But I think that the main
4 thing on this slide here I wanted to show is that you're
5 starting to see a trend here perhaps, and we'll have to
6 monitor that on a yearly basis. We do a survey every
7 biennium and identify all of the projects in the FCA
8 report of what was there that has been completed with
9 respect to the deferred maintenance. That's the number
10 that you see here applied to the results of that survey.
11 The database consists of just the number of projects for
12 every facility in the state and then the costs associated
13 with that. And again, that's every biennium, we go
14 through and determine what's been done and we take that
15 off. After we take that off, that's what you see here on
16 that white line on top.

17 And then down below, of course you see the
18 level of funding that we've provided in the prior few
19 bienniums, several bienniums, and you can see a little
20 bit of the trend there. It appears, obviously, that if
21 you go back a few more bienniums, you would notice that
22 we were more around probably \$50 million that we were
23 spending in deferred maintenance. In '09, we dropped
24 down to \$22, and we may be suffering from that. So you
25 can see that line is starting to -- from the FCA report

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1 -- is starting to trend up versus the level of -- even
2 though the level of funding has increased a bit, the line
3 continues to trend down. To me, that just means that our
4 backlog of deferred maintenance projects is increasing
5 rather than to remain at least flat or decreasing, so
6 that means we're falling behind the curve. So the amount
7 of funding that we've been providing hasn't been adequate
8 to keep up with the amount of maintenance that our
9 facilities need. So as those lines diverge, if they stay
10 constant or they converge, then that would be one thing.
11 But right now, they're diverging a little bit, and that
12 delta is increasing a bit. So that tells me that if this
13 trend continues, it's just telling us that we're not
14 doing the adequate amount of deferred maintenance in the
15 state. And so from a trend perspective, I think this is
16 good, I guess, information to have and track. If you
17 have any questions on this stuff, please let me know,
18 about the slide.

19 Moving on, we're going to get now into our
20 priorities, and as you recall, this is what -- a couple
21 of meetings ago we came to you and asked you to approve
22 the prioritizing criteria for deferred maintenance to
23 capital and for construction and for historic
24 preservation. And again, here on deferred maintenance,
25 we're looking at, first of all, legal requirements with

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1 respect to ADA, any Court order, legal requirements, and
2 our life safety/code violations. We basically -- we've
3 given that full first priority just in that block of
4 projects.

5 Then we get into the what we call deferred
6 maintenance, and in there, we start out with a highest
7 priority which would be essential facilities, then we
8 drop down to governance centers, statewide programs, and
9 then other facilities from there on out. Again, we went
10 over this with you. You approved this during the last --
11 well, two meetings ago. Not last meeting, but the
12 meeting before that. Based on that, we've prioritized
13 our deferred maintenance projects.

14 And starting with the legal requirements,
15 which is the first set of priorities, as you can see
16 there, the first one is the NNCC ADA retrofit. Right
17 now, we have some complaints at NNCC Northern Nevada
18 Correctional Center to the Department of Justice. The
19 actual warden has been through prison and given us a list
20 of items that we needed to go ahead and identify, and
21 actually, we went out there and identified it ourselves,
22 gave them a list of things we've found. They've approved
23 it. We said, "We have a plan to move forward" and they
24 said, "Great." Because they actually told us that we
25 probably would not appreciate them going through the rest

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1 of our facilities in the state. So we appreciate that.
2 So based on that and our findings and their
3 concurrence with our findings, we have this first project
4 here. So that will keep the Department of Justice happy
5 for the time being, for lack of a better word. They're
6 content with what we're doing and allow us to proceed on
7 our own rather than for them to intervene in any way.
8 This project is actually under design, and so this is
9 actually the construction and administration. From there
10 on out, we did hire a CMAR for this one to go over the
11 facing, because inside the prison, we can't just tear the
12 whole thing up all at once. It has to be phased, and we
13 should be -- we're supposed to receive a GMP here
14 sometime this month, so based on that GMP, we may adjust
15 that number between now and the end of the month
16 hopefully going down, but we'll tie that down so we're
17 not asking for too much or not enough here before the end
18 of the month. So you might see a slight -- hopefully
19 maybe a slight change on that one. Probably not by much,
20 if we've been doing our job.

21 Then we get, of course, into the statewide
22 ADA program, and we went over those programs with you.
23 We also, here on this ADA program statewide, we always
24 put in a certain amount of money, usually \$50 to \$100,000
25 is what the legislature's approved in prior bienniums and

1 for emergency-type work. So we get a -- if someone files
2 a complaint with us or the Department of Justice, we go
3 out and we take care of it right there and then. We
4 don't wait around. We have a good rapport with those
5 folks, and because of that, because we take care of
6 problems as they come up immediately, we address them,
7 and so it's good to stay on good terms with the access
8 board and the Department of Justice in this matter.
9 Otherwise, you find some communities where they've come
10 in and actually done a survey of the entire community,
11 and they've come down pretty hard and a lot of money had
12 to be spent at once. And again, this basically takes
13 care of our architectural issues, our architectural
14 barriers, programmatic issues. We don't address those
15 architectural barriers under this ADA statewide program.
16 Then we get into the statewide building official program,
17 and then this is just -- I guess you might say the only
18 regulatory section in Public Works is this one here,
19 building official for the State of Nevada, and the
20 \$986,000 there is just based on what we've been taking in
21 from -- mostly from the Nevada System of Higher
22 Education. They do a lot of maintenance themselves,
23 remodels and whatever else, and upgrade with their own
24 funds, and they come in and get permits from us just like
25 you would from your local building department. They come

1 ADMINISTRATOR NUNEZ: No, we didn't. They
2 want nothing to do with those rabbits. As a matter of
3 fact, actually the program relied heavily on adoption as
4 the rabbits had diseases and they needed to be neutered,
5 but the adoptions are just not there. Nobody wants to
6 hurt the rabbits, but nobody wants to adopt either. So
7 it's going to be an issue in the future. It's a problem
8 that hasn't been solved yet, but somewhere along the line
9 is going to have to be solved.

10 And then when we get into the statewide fire
11 and life safety, and another issue here with respect to
12 water supply and exit signs, and these were dealing more
13 with either meeting NDEP requirements with respect to
14 regulations that we have to -- different institutions
15 have to meet and other code issues as we see there like
16 the replacement of the emergency generator at Desert
17 Regional Center. In a facility like that, you're
18 supposed to be able to back up the entire facility, not
19 just the life-safety fire and life safety of the
20 building. You're supposed to back up the entire
21 facility, so that's just one of those things that we have
22 to deal with with respect to the code. This amounts to
23 this program here under legal requirements, \$14.2 million
24 dollars and \$1 million from other sources here. I don't
25 know if you have any questions on this part. If not,

1 in for -- they pay a fee just like you do at your local
2 building department for plan check and inspection. We
3 issue a permit and we follow up with a blank check and
4 follow through with inspections.

5 We go on with the statewide indoor air
6 quality, and this is -- half of this is funded it says by
7 other, which is Risk Management. We address a lot of
8 mold issues as a result of flooding, spills, et cetera,
9 that we get in our buildings: leaks, et cetera, whatever
10 may be happening. We address those through Risk
11 Management right away, and lately even the water issue at
12 the veteran's home in Boulder City through this program.
13 So not only air quality, but environmental issues that
14 may happen in any one of our facilities. We address
15 that. A lot of the work comes through Risk Management
16 and then over to us, and then we go out and address
17 those.

18 Down here in Southern Nevada, actually, we
19 helped out with a rabbit issue at Southern Nevada Adult
20 Mental Health Campus. You may have heard about that in
21 the news around here, but so anyhow, we did a pilot
22 program for them to see if -- try and see if the
23 particular process would work with the rabbits and --

24 CHAIR CLUTTS: Did you partner with the
25 Nevada Department of Wildlife?

1 I'll keep going.

2 Getting into the deferred maintenance part of
3 it, there's 73 projects in here, so I'm not going to
4 cover them all individually. The first one here is
5 deferred maintenance, which is the HECC and SHEC funding
6 that is a passthrough for Public Works the only with --
7 I've asked, actually, LCB and the legislature in prior
8 years as to why they don't just give this directly to the
9 Nevada System of Higher Education. They like to run it
10 through us because they want us to verify for them that
11 it's being used strictly for deferred maintenance and not
12 for new construction, so they keep sending it to us and
13 then we pass it on.

14 MEMBER TIBERTI: Gus, who is "they"?

15 ADMINISTRATOR NUNEZ: The legislature. I'm
16 sorry.

17 MEMBER TIBERTI: Member Tiberti for the
18 record. Sorry.

19 ADMINISTRATOR NUNEZ: I've talked to the
20 Legislative Council Bureau folks there, a budget analyst
21 there at LCB, and I've talked to some legislators in the
22 state in the past.

23 MEMBER TIBERTI: Because I know it's not the
24 universities.

25 ADMINISTRATOR NUNEZ: Right. They don't do

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1 that. So anyhow, they just want us to assure them that
2 it's being used for deferred maintenance and not for
3 capital construction, but it is a passthrough.

4 The various projects you see through here
5 basically deal in the HVAC area. Most of this or all of
6 this equipment is experiencing problems and is reaching
7 their useful life, which is usually, on this type of
8 equipment, 20 to 25 years. And of course, as you can
9 see, we start with essential facilities first, and then
10 as you go on down, we get into other types of facilities
11 in the state with respect to those recommendations.
12 We're also addressing electrical issues in a number of
13 our facilities throughout the state where they've been
14 experiencing issues, problems. We're addressing safety
15 and security projects such as, for instance, doors and
16 locks, controls at prisons and psych hospitals and youth
17 centers.

18 We're addressing vulnerable water issues that
19 have been noted by NDEP, sewage treatment in facilities
20 not in compliance with NDEP regulations. We're
21 addressing those here in this recommendation and also
22 some basically failed equipment, so just that high
23 density shelving storage at the Reno facility that you
24 see them separated. It is from the historical society.
25 Basically, that's just not functioning right now.

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1 They've actually been cited, and they've had to basically
2 turn off the system, so it's just done. Then you cannot
3 use that anymore. So we're addressing that.

4 Yes, Chris, you had a comment.

5 DEPUTY ADMINISTRATOR CHIMITS: Chris Chimits,
6 Deputy Administrator, for the record. On page 5 in the
7 presentation, that's the criteria for evaluating deferred
8 maintenance, we'll go through -- Gus will cover the
9 capital construction and a separate criteria for historic
10 preservation that you'll approve at the August 16th
11 meeting.

12 And I just want to let you know that it was
13 an interesting process to go through all of these
14 projects using this criteria. We really made an attempt
15 to keep any kind of personal opinion about projects out
16 and just follow the criteria. And what was interesting
17 is that the end of it, after we got this list prepared
18 for your consideration, we knew we had done it in strict
19 accordance with the criteria, but looking at the list,
20 everybody seems very comfortable that the list was right.
21 It seemed like it made sense that there were projects
22 that really we know have to be done or you know what will
23 hit the fan. Those found their way up to the top. And
24 then you see stuff as we move through it, you kind of see
25 the cadence or the reason for it that kind of makes sense

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1 intuitively. So I guess what I would like to just say is
2 that this criteria seemed very workable. When you apply
3 it, it produces a reasonable result. So great to have
4 this. Thank you.

5 ADMINISTRATOR NUNEZ: Thank you, Chris. Gus
6 Nunez, for the record. I'll continue. There's just one
7 thing I wanted to bring to your attention that we've
8 changed here since looking at this, and that's on page 6
9 of 12 of your -- if you look at page 12 of your PowerPoint
10 presentation, which is page 6 of 6 of deferred
11 maintenance under DM-084, replace plumbing fixtures,
12 Department of Motor Vehicles buildings in Carson City.
13 And the project that was presented to you was at Reno and
14 Carson DMVs. The Reno DMV, it appears that it's going to
15 move forward with -- it's going to be replaced and a new
16 DMV is going to be built, at least it appears at this
17 point with respect to -- we'll be able to obtain highway
18 funds to do that. So we deleted from DM 084 the Reno
19 DMV. I just left the Carson City DMV. So that's just a
20 little, for your information, that was a change that we
21 wanted to let you know about that. Chris tells me it was
22 a light project at the Reno DMV also that was modified.

23 CHAIR CLUTTS: Excuse me, Mr. Nunez.

24 ADMINISTRATOR NUNEZ: Yes, sir.

25 CHAIR CLUTTS: Chairman Clutts. Member

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1 Stewart has a question.

2 VICE-CHAIR STEWART: Sean Stewart, for the
3 record. Wasn't the plan, though, for NDOT to take over
4 that DMV building? So are we going to see them back in
5 two years with the same issues with that building or --
6 ADMINISTRATOR NUNEZ: Go ahead, if you know.
7 DEPUTY ADMINISTRATOR CHIMITS: Chris Chimits,
8 for the record. The plan is to take that over, but their
9 occupancy will be different. They're probably going to
10 use it for a bit of office and then storage and warehouse
11 space, so I think it would be probably prudent if we just
12 let them determine what fixtures need to be removed and
13 gotten rid of if they want to replace the ones and keep
14 -- we hear from them after they've got a program and plan
15 for the building.

16 ADMINISTRATOR NUNEZ: We with respect to --
17 Gus Nunez, for the record -- your issue with seeing them
18 back here next biennium on the CIP, most likely you
19 won't. They will go with highway funds. They normally
20 will come to us as an agency project and/or just a
21 project where they'll actually -- their architectural
22 division will hire an architect. The plan is ready,
23 they'll just come into our office for plan check and
24 inspection for a permit, and that's what you typically
25 see from DOT. They'll use their own funds to remodel

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1 to us to start the design on this particular facility, so
2 the idea is that if it gets approved by the next session
3 of the legislature, it will be close to what a lot of
4 people now refer to as shovel ready. It won't be
5 completely, but within a few months after the end of the
6 session, it will be ready to go to construction. So
7 they're moving ahead on that project. Right now, they're
8 financing that with their own money, so actually, the \$41
9 and a half million is going to be leveraging close to \$44
10 million from other sources. Chris just mentioned to me
11 this building is located next to Scrugham and Palmer
12 Engineering, and it borders on Evans Street, which would
13 be the east -- along the easterly edge of the campus.
14 And then in here, we also have the protective
15 barriers at nursing stations. This could have gone
16 actually on the -- we debated whether it should go under
17 deferred maintenance or not, but this is not a
18 maintenance issue. This is a safety issue there. And as
19 you saw, we looked at this quite a bit. They've had well
20 over 100 issues that have happened at that facility in
21 the last few years with property damage and also some
22 folks have got hurt, so it's time that we harden up that
23 nursing station just like we -- it's probably going to
24 look just like a nursing station at our forensic facility
25 where they're hard and with -- for the criminally insane,

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1 they're hard and probably going to be more like than
2 a typical psych hospital, any psych prison, Southern
3 Nevada Adult Mental Health.

4 On the next slide is a prioritizing criteria
5 for historic preservation, and this is the criteria that
6 you approved the last time. We indicated to you at the
7 last time that it was not in any particular order. We
8 did order them this time, looking at the projects that
9 we're recommending more for historic value, degree of
10 deterioration, any functional use of building and of
11 course URMs, and in that order in occupied buildings.

12 And the historic value, we didn't come up
13 with that. We actually consulted with folks from museums
14 and cultural and historic preservation. We basically
15 took care of the rest of that. Based on that, we have
16 these five projects here that we're recommending to you.
17 So you can see the last two projects were discussed quite
18 a bit during the last board meeting, and as you can see
19 there, the funding has moved from state to others. We
20 understand that there is public funding that is being
21 looked at, and I don't know if, Director Cates, you care
22 to comment on that at this point, but all other funding
23 is being looked at for those two projects for the State
24 Parks. So we left them in here but moved them from state
25 over to the funding.

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1 And here again, we have the culture and
2 welcome center of the Stewart facility. This is actually
3 also a continuation of a planning project, planning and
4 construction project from this biennium, so we just
5 continued to move forward in here. The roof replacement
6 and the roof seismic stabilization and the old gym at the
7 Stewart facility, right now if you walk into that there,
8 you walk into that facility, you can actually look up and
9 see the sky. So it's getting down to -- we might pretty
10 soon, we might lose the roof and the four walls if we
11 don't do something about it, we may lose that forever.
12 When we took over the Stewart facility, we made a
13 commitment to the federal government that we would
14 preserve that Stewart facility as long as we owned it, I
15 suppose, but there was a commitment made when we -- the
16 State took over that facility.

17 And again, the historic fence at the Capitol
18 building. There's failures on the support on those back
19 spaces and on that fence, and in some cases, if you lean
20 too far on it, that fence is gone, over. So it's just
21 basically time to fix it. Again, this is a continuation
22 of an existing planning project which identified the
23 correct fix from -- to satisfy the historic preservation
24 folks, asked them how it should be fixed and how it
25 should be painted, and they actually did some research

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1 and went back and actually found out there -- they
2 determined the original color of that fence, which is not
3 black. Now it's painted black. It was a very dark, dark
4 brown, I guess the way I would describe it. They
5 describe it a little bit different, but this is an
6 engineering description. The main thing -- this stone
7 foundation that this is adhered to needs some fixing.
8 And we actually found that when the Blasdel building was
9 built, there was a section of fence that was removed and
10 B&G actually never disposed of it. They stored it. So
11 it may be that we have some section of fence, a
12 historical original fence that can be used to preserve
13 that facility. It's interesting to find out through this
14 research that they actually found newspaper articles
15 describing that, "The fence has arrived in boxcars."
16 That was pretty big news in Carson City at that time.
17 But anyhow, so that's the historic preservation.

18 On the next slide, we have basically what we
19 call a summary by categories, and it's divided into other
20 funding, state funding, and state funding accumulative.
21 So as you can see on the first line, we start with \$14.2
22 million under legal for state funding, then the
23 \$89,498,040, that takes you up to \$103.7, and so on and
24 so forth, all the way down to the bottom at \$229 million
25 -- \$229.7 million, which is the in-state funding which is

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1 quite a bit more than last time, which was at about \$105
2 million last biennium that was actually funded. Right
3 now, it's at \$229. And that concludes my presentation
4 and my recommendation to you.

5 So at this point, Mr. Chairman, I can take
6 questions on what we've presented, or it's up to you as
7 to how you want to proceed forward.

8 CHAIR CLUTTS: Thank you, Mr. Nunez. Are
9 there any questions?

10 MEMBER HAND: Member Hand, for the record. I
11 had one question on -- the military brought forth a lot
12 of projects that had presented basically funding. Did
13 all of them make it in here?

14 ADMINISTRATOR NUNEZ: I believe the majority
15 of them did. There may have been a couple that we felt
16 that it could wait, but I can't recall right now which
17 ones, but I think we did leave some out.

18 DEPUTY ADMINISTRATOR CHIMITS: Chris Chimits,
19 for the record. There are several buildings left out.
20 They were fence, maybe, type of things, but because they
21 required a component of State funding even when they were
22 a hundred percent, they don't cover the -- there's
23 nonqualifying line items. And if you look, you can see
24 as you get down to the third category, deferred
25 maintenance, you have legal deferred maintenance

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1 continuations, you're at \$124 million, and so the new
2 building at what, \$32 million with \$2 or \$3 million
3 dollars of State contribution? We took that because of
4 the amount of work that develops, but when it got to the
5 point where we had to take care of some of these critical
6 things, roofs, some of the essential facilities, the code
7 issues, ADA stuff, so there are products that didn't make
8 it to this level simply based on the fact that we
9 understand that we've got much higher priorities than
10 painting a fence around a property to have done, and we
11 don't know where the dollar limit gets drawn, but I don't
12 have a good feeling about it. I'll say that. So there
13 are some that did not make it in here.

14 ADMINISTRATOR NUNEZ: For the record, Gus
15 Nunez. You'll also see some of those projects that
16 they'll come back around during the session as an agency
17 project, they'll figure out where to get that other money
18 that the federal government won't pay for and figure out
19 where to get it from. They'll come in as B projects. We
20 see that.

21 As a matter of fact, right now, I bet you
22 we're doing, I would guess, yeah, I was going to say 20
23 projects. Chris is saying probably 24 agency projects,
24 which is all funded when they figure out where to get the
25 matching funds, and they come in for B projects to take

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1 care of it, so you see a lot of that happening. Not in
2 the \$2 million range, but it's in the \$100,000 range, so
3 you'll see them coming in with those later on as agency
4 projects.
5 CHAIR CLUTTS: Bryce Clutts, for the record.
6 Mr. Nunez, can you remind us what the ask was and the
7 total value that's included for all of the departments?
8 ADMINISTRATOR NUNEZ: Oh, I think that was
9 around \$1.2 billion.
10 CHAIR CLUTTS: We're a billion short.
11 ADMINISTRATOR NUNEZ: More or less.
12 COUNSEL STEWART: When you put it that way.
13 VICE-CHAIR STEWART: Sean Stewart, for the
14 record. Just an observation. I think we're looking at
15 this total, we're over 50 percent deferred maintenance,
16 almost 55 percent. And I know it's not something we can
17 solve here as a committee, but we need to look at some
18 alternative funding for deferred maintenance. And we had
19 a little bit of discussion about maybe doing something
20 with the lease rate with the State and just dedicating
21 those funds to deferred maintenance because it's major.
22 I think this year more than ever, it's pretty evident
23 that deferred maintenance is gobbling up our ability to
24 do anything in the State.
25 ADMINISTRATOR NUNEZ: Excuse me. Gus Nunez,

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1 for the record. I think it's going to be -- and Patrick
2 and I have had some discussions of that, too, along with
3 the Board, to identify the main source of money that's
4 going to go to deferred maintenance and is dedicated to
5 that and not used for anything else. We've discussed
6 some of the solutions, obviously, just increase the rent,
7 let's say 8 cents a square foot -- 8, 10 cents a square
8 foot, and then all of that goes into a pot, and then it
9 gets prioritized and we take care of things as time goes
10 along, and then your general vocation bonds can be used
11 in a different matter like for capital construction,
12 which probably would make more sense than to use it for
13 deferred maintenance.
14 VICE-CHAIR STEWART: And just a follow-up
15 question on that. What would happen? Would it have to
16 go through the legislative process, or is that
17 administrative? I don't know how that works.
18 DIRECTOR CATES: For the record, Patrick
19 Cates. Yeah, it would definitely have to go through
20 legislative process and legislative review, Building and
21 Grounds budget and what the rates are they're charging,
22 and this would be a substantial change to their rate
23 structure.
24 I would also say that if we just did it for
25 B&G rent, you're only capturing a portion of the state

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1 buildings, so you'd have to figure out some other
2 mechanism. We talked a lot about it, Gus and I have, and
3 I think the idea of making a piece of the lease cost is a
4 good one. I think we are in a fiscally challenged
5 climate where I don't think we're going to get traction
6 from the legislature to increase every agency's operating
7 costs if they're asking for a 5 percent budget reduction.
8 I don't have a good solution. I think that's the right
9 place to go, but it may not be the best time to do it.
10 CHAIR CLUTTS: Bryce Clutts, for the record.
11 So help me and maybe the Board understand. I understand
12 exactly the climate, and I get what you're saying. The
13 legislature doesn't have a choice. It's one or the
14 other. It's raise the rents and increase this capital or
15 we have buildings that are dilapidated and falling apart
16 and being, you know, in noncompliance with the government
17 or even the State.
18 So what conversations are occurring there and
19 how can we as a Board support the two of you all in
20 having some effective dialogue with the legislature about
21 this isn't a matter of an economic climate. It's
22 reality. It's either you take it from here or you take
23 it from here. You're going to take it either way. And
24 the longer that we've kicked this can down the road, the
25 more it's going to cost. So we're going to pay for it at

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1 some point. We're just going to pay more. So how can we
2 be responsible in dealing with this issue now? And I
3 don't know who we need to start. Do we need to start at
4 the governor's office? Do we need to start with the
5 leadership? Where do we start?
6 ADMINISTRATOR NUNEZ: For the record, Gus
7 Nunez. I would believe that where you want to start
8 would be the governor's office and the budget office, and
9 I think also discussion with the legislature is not
10 inappropriate, but with the governor's office -- you
11 know, once it gets into the governor's budget process, it
12 makes it a lot easier and simpler to follow through the
13 legislative process. It's very difficult to make any
14 kind of, in my opinion, make major changes to the
15 governor's budget during the session.
16 DIRECTOR CATES: For the record, Patrick
17 Cates. Since I'm new on the board, I'm not familiar with
18 how the Board makes its recommendations, but perhaps when
19 we make the recommendations and projects we cover, we can
20 make some sort of motion to address that issue and make
21 proposals. I think that would be the best way to engage.
22 ADMINISTRATOR NUNEZ: Gus Nunez, for the
23 record. Typically with the corrective process, after the
24 Board approves the projects, we basically put a letter
25 together, and what it does it just basically transmits

<p style="text-align: right;">Page 37</p> <p>1 your recommendation to the governor, and I typically work 2 with the chairman on that letter, and we move it forward 3 on to the governor's office with the list of projects. 4 There's nothing to say that we cannot add a 5 paragraph in there regarding your desires or your 6 recommendation for the State to start looking at a 7 permanent source of funding for deferred maintenance 8 other than general obligation bonds. There's some type 9 of a fee throughout the state or facilities or whatever 10 you all decide would be appropriate to look at, maybe 11 come up with a couple of choices. 12 We did the research that Chris did here 13 recently for the Board and presented to you and went over 14 what other states were doing. It was a good starting 15 point to see what sort of things are being done. The 16 states that are the most successful are the ones that 17 identify a very distinct and separate source of funding 18 for deferred maintenance and another one for capital 19 construction. 20 CHAIR CLUTTS: Bryce Clutts, for the record. 21 Just to followup to that, I wonder how difficult it would 22 be to ascertain, say, six years ago, the cost that you 23 identified for the maintenance of X, Y, Z facilities and 24 six years later, what that cost is now and how much more 25 money it's now costing the State because we're a not</p>	<p style="text-align: right;">Page 39</p> <p>1 a small amount of money, or you can let it go and then 2 you're grinding it all up, and it's a big amount of 3 money. And the pain is more severe in that. So in a 4 similar fashion, you can take a little bit of money and 5 get after it or you could kind of relax and do very 6 little to nothing, and then in that seven-year period 7 that you're talking about, go ahead and buy a new central 8 plant. So it's more than just inflation. It's equipment 9 that fails completely. 10 And so we're advocating -- we would love to 11 see a -- and this is something we'll bring to this Board 12 possibly is that certain buildings decay faster. Prisons 13 really come apart quickly because the occupants don't 14 care about them as much as, say, universities or 15 hospitals, so there's a rate that we can develop, and 16 there's plenty of information out there to do this. 17 Office buildings go easy. Prisons go hard. And you 18 apply a different rate to each one, and it's just how 19 they deteriorate or how to treat them. And that would be 20 something that would take a little bit of time but would 21 not be difficult to do. 22 The hard thing would be to determine exactly 23 how many -- what the costs would have been in the State 24 of Nevada seven years ago versus what we're paying now on 25 mechanical equipment. The inflation is easy.</p>
<p style="text-align: right;">Page 38</p> <p>1 dealing with this. And I'm not interested in creating an 2 exercise for staff, but think it's helpful to paint a 3 picture for the governor and the legislature, as to 4 again, we're going to pay for this at some point. Are we 5 going to pay 10 percent more, 15 percent more, or 20 6 percent more? And are we ballooning this at some point 7 down the road where if there was a source, we could 8 really start to deal with those priority issues? And 9 we're not going to be able to -- there's going to be 10 escalation. We can't avoid it. There's just not going 11 to be enough money to deal with it all, but we can really 12 start to take a bite out of this. But if I'm the 13 governor, if I'm the legislature, and I don't recognize 14 the true impact that this is having financially on the 15 state, I think we just come across as maybe a squeaky 16 wheel. 17 DEPUTY ADMINISTRATOR CHIMITS: Chris Chimits, 18 for the record. Your request is interesting because I've 19 been thinking about that same topic, and it's not just 20 how much inflation has occurred from 2005 or '07 until 21 now. What happens is that when we defer maintenance of a 22 central plant, and instead of happening in 2007 where we 23 could have done a water treatment replacement, a reverse 24 osmosis system, now put in a new cooling tower or a new 25 chiller. And so if you take care of it early, it can be</p>	<p style="text-align: right;">Page 40</p> <p>1 MEMBER GORDA: Member Gorda, for the record. 2 In lieu of simply kicking the can down the road, I'd like 3 to ask: should we be considering and encouraging and 4 attracting more of a financial performance contract 5 aspect where a company will come in and do a free energy 6 audit and then make an application to provide the boilers 7 or HVAC or envelopes at their risk at no cost to the 8 State? And I think what it would require is Public Works 9 setting up a guideline for it with the help of the 10 contracts. 11 ADMINISTRATOR NUNEZ: Member Gorda, for the 12 record, Gus Nunez, Administrator. That would probably 13 take some doing for us to be more -- for Public Works to 14 be more involved. Right now, that's covered under NRS 15 333A, I believe, and it's up to the -- the only thing 16 that Public Works does in that process before we face 17 contracting is to prequalify what we call the asks, the 18 firms that are interested and licensed to do that kind of 19 work. And then so -- and that ends our involvement at 20 that point. Then it's up to the agency to identify a 21 project they wish to do, go to the ESCO and start working 22 with them on doing that. 23 Once that's all done, and assuming that they 24 move ahead with the project, then we may meet again at 25 the end when they come in for a building permit. But in</p>

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1 the meantime, we don't. We've done some surveys at
2 various times from various folks, and I know that the
3 State doesn't right now if you talk to, like for
4 instance, Corrections, they don't have a good track
5 history, and they really have not done -- in their
6 experience, they're not using it right now because
7 they've had some bad experiences with ESCOs. But I
8 suppose it's just like anything else. The results, a lot
9 of times, the outcome is how well you manage the process.
10 But what I've noticed that you must do, and
11 I'm seeing some agencies get hooked on that, is that
12 while they come in and they will do the audit free for
13 you when you sign the contract, if you don't follow up on
14 their recommendations afterwards with what they come up
15 with, then you're on the hook for that money that they
16 spent. So even though it's for free, let's say that you
17 determine and the law says it has to be a 15-year payback
18 or less even though it says for free, and yes, it is for
19 free and they don't find anything they can fit, that was
20 on their dime. But if they find certain things or a
21 program that can fit within the 15-year payback and the
22 agency wants to back up at that point, then they're on
23 the hook for that money. And so a lot of times, it's
24 \$200, \$250,000 that actually went to the ESCO because
25 they didn't have any money. Now they've got this bill

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1 over here, and they're going, do we go this way or do we
2 come up with the \$250? That's something that needs to be
3 fixed so that doesn't happen so you're not making
4 decisions based on dollars. You're making decisions
5 based on what the outcome of what they come up with is
6 going to be. But again, that's things that we've
7 observed over time. But for us to be involved beyond
8 now, you would have to change 333A. And so right now,
9 it's up to the agency to do it. It's not up to us to
10 tell the agency.
11 MEMBER GORDA: Member Gorda, for the record.
12 And I went through the numbers there, and I'd say there's
13 close to \$100 million that can fit into that category,
14 and I've seen this program work in other states, other
15 areas across North America. It may be that we're missing
16 some guidelines here in Nevada to help with that. So
17 you're not getting the bad experiences. You know, it
18 certainly helps reducing kicking the can down the road.
19 ADMINISTRATOR NUNEZ: Absolutely. The other
20 comment that they may make -- Gus Nunez for the record --
21 is that the legislature, when we presented the prior CIPs
22 we've been -- well, there's a lot of projects in here
23 that are -- just about all of them, they will save
24 energy. If you're going to replace your 25-year-old
25 boiler chiller today, it's going to be a lot more energy

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1 efficient than what you bought 25 years ago. That
2 efficiency doesn't exist anymore. So you involve those
3 things. So obviously, the market takes care of itself
4 with respect to efficiency of the systems. They can say,
5 "Why don't you tell us how much money this is going to
6 save as you present these projects?" And obviously, it's
7 going to take a lot more work. And as you can see, we
8 have a number of months to do all of our due diligence on
9 those projects and just come up with a cost estimate.
10 With available staff time, it's going to be that much
11 more time that we've got to spend to do all of this cost
12 savings analysis, but we said, you know, "That's a good
13 idea. We should be doing that. We should try to do
14 that."
15 We did, last biennium, we identified a number
16 of projects and the savings, and the ones that we brought
17 forward to the legislature with those -- and we didn't
18 even go out to 15 years -- what we brought to them was a
19 program that actually was -- you could pay for them
20 within 10 years or less, and we had -- I can't remember
21 number of millions of dollars, and we showed the
22 legislature what we had done in this area and the success
23 rate of those, what the engineering showed, what actually
24 happened when we measured afterwards through a third
25 party like when we did the ARA money, we calculated we

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1 said okay. When we used ARA money, we had to -- it was
2 all for energy improvements, the Department of Energy,
3 and it required -- one of the requirements was to save, I
4 think, it was 10 million short BPU's per \$1,000 of
5 expenditure. So when -- and one of the requirements was
6 yeah, the engineering had to show that, but then a year
7 later, you actually have to hire an independent third
8 party to go out and do your protocol to verify that you
9 actually met those requirements, which we did, and
10 actually what we measured exceeded what the engineering
11 calculations showed. And when we showed all of that to
12 the legislature, that we had a good track record in those
13 areas, and we pointed out all of the projects we had
14 done, and for some reason, they came just -- for some
15 reason, they decided not to approve it. That was the
16 only statewide program that they did not approve last
17 time that was in the governor's recommendation.
18 So even though they wanted to know how much
19 it was saving, so we went to them and said you can do
20 this project just from the savings, and now the agency is
21 paid back, they decided not to go there, for whatever
22 reason. They never gave a reason. They just didn't. I
23 know they just didn't do it.
24 MEMBER GORDA: Member Gorda. It could be
25 because of a couple of bad experiences, but again, this

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1 program does work in a lot of other states in North
2 America. I think it's worth the Board recommending to
3 revisit it and maybe a little bit of money spent on
4 coming up with some guidelines. As far as the
5 calculation of the savings, what I was used to is that's
6 their risk. Why would we take it on ourselves like that
7 savings? That's up to the department's contract.
8 ADMINISTRATOR NUNEZ: You've just got to be
9 ready. If you decide that that's not what you want to do
10 at the end, that you're not like stuck between a \$250,000
11 bill or moving ahead with the program.
12 MEMBER GORDON: Absolutely. And that's part
13 of the guidelines in determining what you want to do
14 upfront before you get a performance contract or to take
15 a look at not allowing that scope to get so large that
16 it's beyond --
17 ADMINISTRATOR NUNEZ: Yeah, that's what I've
18 noticed.
19 MEMBER GORDA: So we ought to be thinking of
20 this. I went through this for at least close to a
21 hundred million, and I think it would fit into that
22 category that this Board could look at it and upping the
23 minimum at no cost to the state.
24 COUNSEL STEWART: For the record, Susan
25 Stewart, construction law counsel, and I just wanted to

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1 point out that I suspect that making the recommendation
2 regarding the performance-based contract would require
3 some type of bill draft request, because it would be more
4 than the development of guidelines. It would perhaps
5 involve changing some of the existing law if Public Works
6 were going to take more of an active role in it.
7 CHAIR CLUTTS: Bryce Clutts, for the record.
8 Just for clarification for the Board, State Public Works
9 has the ability to submit BDRs to LCB; correct? I mean,
10 as an agency, can you draft BDRs or no?
11 ADMINISTRATOR NUNEZ: No. I think we
12 basically -- typically the process is the Governor is
13 allowed to submit a certain number of bills and us as
14 agencies, we're allowed to submit BDR requests to the
15 Governor to include in his package, and then they accept
16 or reject at that point, and then they let us know if
17 it's going to move forward or whatever, and the BDRs that
18 are - we have a number of BDRs that the Board approved
19 and then we requested that are moving forward right now
20 in the governor's package, but that's typically the
21 process. The only other process would be if somebody
22 sponsored it, a legislator sponsored it. Those are the
23 only three ways to go.
24 DIRECTOR CATES: For the record, Patrick
25 Cates. Just to piggyback on what you just described, so

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1 we have the deadline dates that agencies are held to for
2 BDRs. One is for a nonfiscal BDR. This policy changed
3 that. That deadline came and went last April. Budgetary
4 BDRs, that deadline was November 1st. However, the
5 Governor's office does hold -- they're limited in how
6 many BDRs they can submit, and they hold back a dozen or
7 so until the end before the Governor submits his budget
8 in case they need to make any changes. So I think it's
9 possible that if this Board made a recommendation and it
10 proposed maybe some language or a consent as part of that
11 recommendation, that the Governor's Office would choose
12 to pick it up, or again, they have too many bills, too
13 many priority bills, they could authorize a secret
14 sponsor.
15 I had a follow-up question. I forgot what it
16 was.
17 MEMBER GORDA: Member Gorda. The problem is
18 are we going to see the same million dollar roll year
19 after year after year. Obviously, we're not doing
20 anything about it. And maybe it's just a matter of just
21 encouraging the existing law that's in effect and try to
22 encourage more contractors or some other entities to get
23 involved with it. I think probably what's missing is the
24 guidelines if there's some bad experiences.
25 ADMINISTRATOR NUNEZ: Gus Nunez, for the

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1 record. The process is that we prequalify the ESCOs, and
2 we sent that list up to purchasing. After that, it's
3 between purchasing and the agency. So basically,
4 purchasing agents are obviously not engineers. And the
5 agencies, a lot of times what you have is the folks in
6 the facility that take care of the routine maintenance to
7 look after these things, and so that might be part of,
8 from my perspective, that might be part of the problem is
9 that to make good decisions, you need a little, in my
10 opinion, you need, like you said, guidelines and/or
11 expertise in-house to make sure you can manage and
12 implement a project like that and be successful at the
13 end where right now, the only thing that we see is the
14 end. We send the qualified list up to purchasing. The
15 next time we see anything would be when they come in for
16 a permit like -- and we've been -- I got a call here a
17 couple of years ago like from Western Nevada Community
18 College. They were very upset because they actually --
19 in order for this thing, their program to work, because
20 they had some mechanical equipment they needed to
21 replace, in order to keep it within the 15-year payback,
22 they couldn't do it just with the things that they
23 needed. They had to add more things into it. So one of
24 the things they did was they went to waterless urinals.
25 But anyhow, they were having -- they had a bad experience

1 with those from a maintenance perspective, and things get
2 thrown in there and they got clogged up, they've got to
3 put new oil in there, and it's expensive to maintain the
4 system.

5 So they actually called me at the office and
6 were complaining to me that why, if we knew that those
7 things were bad, we wouldn't put them in a state
8 facility. They said "Well, how come you gave us a permit
9 for it?" I go, "Well, you came in and asked for a
10 building permit to put them in. That's why the building
11 official gave you the permit. We don't patrol what you
12 do in your facilities. If you want to put in those type
13 of units in your building, you come in and you get a
14 building permit. If it meets code, we issue a permit.
15 If it doesn't meet code, we don't."

16 So -- but anyhow, that's the kind of things
17 that they -- that we experience, you know, end result
18 just being -- sitting on the sidelines because we're
19 usually sitting on the sidelines looking in, and we see
20 some of those things going on in the State. And I think
21 it's just a lack of expertise in those areas.

22 DIRECTOR CATES: For the record, Patrick
23 Cates. I just wanted to, Member Gorda, if you know of a
24 particular state's jurisdictions that do this
25 particularly well or maybe somebody you can look at what

1 think you'll find that our research will -- that we can
2 bring back to you will show that at this point.

3 MEMBER GORDA: Certainly, I agree. And I
4 think what's lacking is the guidelines. Is it even
5 possible for your agency to produce guidelines to assist
6 the other agencies, or does that take more --

7 ADMINISTRATOR NUNEZ: I suppose we could come
8 up with some guidelines. We would not have the -- Gus
9 Nunez for the record -- we would not have any authority
10 to enforce it, though.

11 MEMBER GORDA: Understood. But at least that
12 would assist them in their pursuit of this.

13 ADMINISTRATOR NUNEZ: Right. But I don't
14 know how you get the expertise there also unless you say
15 you must use us to guide the process, not you do it
16 yourself, but just the way it's done right now between
17 the agency and purchasing.

18 MEMBER GORDON: And perhaps that's more of
19 vetting contractors that would be used to that work.

20 ADMINISTRATOR NUNEZ: Again, yeah, that would
21 be another -- what type of criteria do you use for
22 vetting contractors? Right now, we use the same criteria
23 that we do for vetting bidders, you know, Public Works.

24 MEMBER GORDON: Understood. Might be that's
25 where the issue lies.

1 we do here in Nevada.

2 MEMBER GORDON: So we have a division of the
3 company that does that type of thing, and I'm not -- I
4 have no interest here in Nevada, but I can reach out to
5 them and see what they have to say on it. And I think
6 it's very worthwhile pursuing, worth seeing what occurs
7 to help start reducing this load. You're going to have a
8 lot of disappointed people as the budget is passed.

9 ADMINISTRATOR NUNEZ: Gus Nunez, for the
10 record. I can bring you -- we did some in preparation
11 for the next -- for the last session, we did some
12 research in this area, and what we did is we contacted
13 our other state agencies and said, "Tell us all of --
14 have you done the performance-based contract? And if you
15 have, what has been your experience and do you have
16 issues?" And we can certainly bring back -- at the next
17 Board meeting, bring back those issues that the agencies
18 out there have done this, have identified as problematic,
19 and again, it's just a problem to be solved. You just
20 need to make sure that you set up criteria and guidelines
21 and everything else; that they go along with this, that
22 it's properly done and managed, and then you do that.
23 Hopefully, you have success at the end. But without the
24 expertise, or I think, the guidelines and the management,
25 you could end up with less-than-desirable results, and I

1 ADMINISTRATOR NUNEZ: Basically same
2 criteria, which is what is allowed under the law.

3 MEMBER GORDA: And that might be where the
4 issue is.

5 ADMINISTRATOR NUNEZ: I haven't looked any
6 farther into that.

7 MEMBER TIBERTI: Member Tiberti. Just as a
8 comment. When Bryce was first on the Board, we went to
9 lunch one day and were talking about the idea of -- I
10 forget the term you used -- it's a big term -- private
11 leaseback. Privatization, private leaseback, and I can
12 see what Member Gorda is talking about, so I have no
13 experience. Just my gut reaction listening to all of
14 this is what you said, that it seems to be when I hear
15 something for free, my ears just start listening because
16 I've gone through that a few times. It's never free.
17 Second of all, it just seems that the State -- I've been
18 told this many times -- can borrow money cheaper than we
19 can in private. And it seems like we're really just
20 talking about how to pay for something. We're not
21 getting any money. So it's really a way of financing.

22 And I'm wondering if this even makes any
23 sense if the State wants to do something that they can't
24 afford, if we're really in effect borrowing from some
25 company, it sounds like. Just like renting a building.

1 We're going to pay the rent, or we're going to pay the
2 bonds. And it just seems to me that every time I've ever
3 approached this, there's really no reason to do it.
4 Private can't be cheap, especially today, rates aren't
5 cheap. If the overall government and State doesn't want
6 to go borrow money to go do things, then I don't know why
7 they'd borrow it from somebody like this because somebody
8 is paying for it, and you're going to pay it back.
9 That's just my general comment, so and I might not know
10 anything about all of this. Just listening to comment.

11 MEMBER GORDA: So, Member Gorda, for the
12 record. Two issues there. One is currently the State
13 plan for the budget is one that we're seeing right now,
14 and there's so much to kick down the road. Secondly,
15 we're not talking about a performance contract if this
16 were a private entity that comes in and looks at an
17 existing boiler, see what the cost per month of operating
18 that boiler is and says, "I'll take the risk of replacing
19 this boiler." You're going to pay what you are currently
20 paying in your energy bill for the next 15 years to pay
21 off that boiler in the next 10 years or whatever it
22 takes, and I'm taking that risk on. That will be
23 sufficient to cover my costs of the work, and I think you
24 still can go out and offer to numerous entities to see
25 that it's competitive.

1 The issue I have is a year from now, two
2 years from now, it's still on our books here. It's
3 getting more and more expensive each year. So it's not
4 just a matter of borrowing the money to do the work.
5 Every year we let this go, you know, the cost of this is
6 increasing, I guess, 5, 10, 7 percent per year.

7 MEMBER TIBERTI: Member Tiberti, for the
8 record. Yes, I understand that. I guess what I'm
9 concerned with is the of nature -- this is not sexy.
10 Sorry. It just seems that society and people and
11 politicians, everybody wants to develop new engineering
12 building, and eight or ten years later, when it comes to
13 you a fix a boiler, it just doesn't -- I don't know if
14 we're going to legislate or write codes to get away from
15 it. We really can't stop all of this other stuff, and if
16 you want to build a building, great, except that's back
17 to what you're saying. This is not going to go away.
18 And as Chris was mentioning, it's almost -- the roof,
19 it's the same thing, Chris. If you don't fix the roof
20 properly, over five, six, ten years -- it might go 25 --
21 and if you don't do that, it's going to all be falling.
22 Same thing with boilers or rust or chemical treatment.
23 So there's a lot of these things that really should be
24 taken care of more immediately, and the more you delay
25 it, it's not just inflation. There's really a geometric

1 compression of the whole thing. If the roof fell off,
2 we're going to lose the walls, the roof and everything up
3 at Stewart Camp.

4 CHAIR CLUTTS: Bryce Clutts, for the record.

5 My concern is having sat on the Board my second biennium,
6 and I imagine Mr. Tiberti and Mr. Stewart have been here
7 a while where we talk about this and it's recorded in the
8 minutes. Does anybody read those minutes? Is there any
9 action, or are we just talking for the sake of talking?

10 We've been asked as experts to be a part of
11 this to come up with solutions, and I just wonder if
12 anyone is listening to those solutions. And what happens
13 when we leave this room today and go about our business,
14 the recommendations made, and they get up there and say
15 "Well, I know you've asked for \$200 million, at one point
16 \$2 billion. We're going to give you \$40 million," and
17 then there there's some lobbying but yeah, we're going to
18 add this building and this building, and it's going to be
19 \$110 million, but we're not going to address any of the
20 things that you've recommended. What is the purpose, and
21 what happens after we make the recommendation and leave?
22 Does anybody -- are there any further discussions? Is
23 there any vehicle or opportunity to -- or this may not be
24 popular. Are we just sitting here wasting our time as
25 private sector folks trying to provide solutions that

1 nobody listens to?

2 ADMINISTRATOR NUNEZ: For the record, Gus
3 Nunez, Mr. Chairman. One of the things that, if you'll
4 recall, probably a year and a half ago or so, you asked
5 us to look into deferred maintenance and what other folks
6 were doing, and we did some research and brought things
7 back to you. And a couple of times, that question was
8 asked. Well okay, we finished doing all of this. What
9 do we do? And I recommended to you the best thing to do
10 would be to then put all of your facts -- and we put all
11 of our facts together and recommendations and our
12 options, and basically, the best place to send it to
13 would be just up to the Governor's Office. As a Board, a
14 lot of you are appointed by the Governor. As a matter of
15 fact, most of you are appointed by the Governor, so
16 sending, you know, a recommendation directly to the
17 Governor's office to me would be -- I don't know why that
18 would not be appropriate aside from what is mandated by
19 law, which is in NRS 341, which is to have a
20 recommendation on the Capital Improvement Program to the
21 Governor by October 1 of the even-numbered year. So that
22 would be -- that was what I suggested to you all what you
23 do.

24 At the conclusion of that process, whenever
25 you felt that you were comfortable, had enough

1 information that you could say that we have all of that
2 information, based on that, we're going to make -- this
3 is what we think we ought to be doing or the options we
4 ought to look at, and let's move that recommendation up,
5 and if it deals with something different than just
6 approving this and sending it to the governor, then
7 obviously it's outside of this and we need to have a
8 different way to communicate that on up to the Governor's
9 Office. To me, that would be just a letter from the
10 Board signed by the Chairman.

11 MEMBER GORDA: I'd like it signed by the
12 Chairman.

13 COUNSEL STEWART: On behalf of the Board.

14 CHAIR CLUTTS: I meant to say that. Good
15 knowing you.

16 MEMBER GORDA: Bryce, I'm certainly happy to
17 spend the next few weeks putting something together as at
18 least something to entertain to put forward, because I'm
19 worried about kicking this can. I don't want to be
20 sitting here next year looking at the same projects and
21 just growing in costs.

22 COUNSEL STEWART: For the record, Susan
23 Stewart, construction law counsel. Staff would -- we
24 would be happy to put something together. We would not
25 -- and we can work with members of the Board on an

1 maintenance.

2 Just one other thing I would like to add.

3 The general obligation bonds are only one funding source,
4 and the State is limited in the amount of general
5 obligation bonds. The treasurer's office won't tell us
6 how much is going to be available. It's not the only
7 source. We've seen that there's highway funds on the
8 project, there's agency funds, and there are also bonds
9 that aren't general obligation bonds; the lease purchase
10 scenario, where if you can identify a discrete funding
11 stream to pay that bond back, it's not a general
12 obligation bond. It doesn't go toward the State's debt
13 limit. That's how we built the Bryant building. It's
14 how we could potentially build other buildings and take
15 some pressure off the general obligations bonds or give
16 you the reverse of that and use these other bonds for the
17 deferred maintenance, similar to what you're proposing of
18 doing with the State bond money. So there's a few ways
19 of tackling it without dipping into that general
20 obligation bond.

21 CHAIR CLUTTS: Bryce Clutts, for the record.

22 So just so we know as a Board, what's our time frame that
23 we have just to begin to prepare this? How much time do
24 we have? Because we're going to have to schedule a Board
25 meeting to review that, to make a motion to get approval

1 individual basis. We certainly can't do anything that
2 would approach the Board meeting, but we could certainly
3 work with individual members. But we're more than happy
4 to do that. That's why the State pays us big bucks, so
5 we can do that.

6 DIRECTOR CATES: Member Cates, for the
7 record. I think it's real important that you put those
8 things to a vote as part of the formal record and
9 recommendation, like Gus said, in a letter. I mean,
10 deliberations are deliberations. Deliberations are just
11 each individual's opinion until you put it into a whole
12 vote along with your priority list. I think that gives
13 it that voice with the Governor's Office.

14 And it's a tricky thing because you can make
15 those recommendations, but until they have the final
16 forecast and the final numbers to put the Governor's
17 budget together, they're playing with numbers. They
18 don't know how much they put towards CIP. They don't
19 know how much they've got to turn operating numbers, so
20 it's a bit of a challenge to have a definitive solution
21 on how things are going to be funded. But I think before
22 we make some motions about the importance of deferred
23 maintenance, some alternatives of how to fund it, it
24 would work well for the Governor if we gave him options
25 for financing, other options for financing deferred

1 to submit it. What kind of time frame are we looking at?

2 ADMINISTRATOR NUNEZ: Gus Nunez, for the
3 record. We would like to have your recommendation to the
4 Governor a week before the end of the month, so that
5 gives us a week to prepare that letter and put all of the
6 projects together in a booklet, just like and a form, and
7 all of the cost estimates, the way you approve it, put
8 all of that together and get it to the Governor's Office
9 before October 1st.

10 So we would like to have a few days to put
11 the final recommendation together that you approved in a
12 booklet form with a cover letter to the Governor's
13 Office. There's a lot of people that will want that too.
14 We can take care of that after October 1, but we're
15 always under the gun to have something in front of the
16 Governor's desk by October 1 per NRS. So if we can --
17 this part of it here, your recommendation to the
18 Governor, I need your recommendation probably in the next
19 two weeks.

20 CHAIR CLUTTS: Bryce Clutts. So if I
21 understood you correctly, we have two things that we need
22 to do. One is a recommendation to the Governor based on
23 what you've provided. That's one. Two is a separate
24 addressing letter addressing our concerns, big picture
25 concerns and our possible solutions and options that we

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1 see are out there; is that correct? Those are kind of
2 the two things we have to do. So we could technically
3 either approve this today or next week or whatever, and
4 then deal with this other issue separately. So in terms
5 of time frame for this other issue, what is that?

6 ADMINISTRATOR NUNEZ: Your recommendation --
7 Gus Nunez for the record -- your recommendation to the
8 Governor is controlled by law, October 1. A letter from
9 the Board to the Governor recommending to him, for
10 instance, other sources of funding that should be looked
11 at for deferred maintenance and/or capital construction
12 or whatever, that doesn't have a deadline. That doesn't
13 have an October 1 deadline. So that can happen before,
14 after, at any time, basically. There's no statutory
15 limit or requirements for you for recommendation from the
16 Board, a formal recommendation between the Board and the
17 Governor's Office.

18 CHAIR CLUTTS: Bryce Clutts, for the record.
19 Would it be beneficial to have that prior to the session
20 so that there would be an opportunity to either testify
21 on behalf of that or if there was BDR that you might want
22 to get sponsored, is there -- I guess the question I'm
23 asking is, is it better to -- just a letter to the
24 Governor, or are there steps that we want to take and
25 therefore getting a letter to the Governor prior to the

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1 purchase, not even ESCOs. Some are using ESCOs. Some
2 are using lease purchase financing for those types of
3 deferred maintenance where you can identify the source of
4 funding, and we just need to perhaps drive a little
5 harder with -- the Governor actually recommended that
6 project, and it went on to the legislature. They decided
7 that that's not something they wanted to look at. So we
8 need to kind of hopefully change that thinking with the
9 legislators. And we didn't propose one this year because
10 of the fact that they just told us flat out, "Gus, it
11 sounds good, but we don't want to do it. We don't want
12 to finance those projects in the fashion that you're
13 recommending." It just died. But the Governor did
14 recommend them. He thought it was a good thing to do,
15 I'm guessing, because he did recommend it. That remained
16 there.

17 MEMBER GORDA: Member Gorda, for the record.
18 Now I remember there was two programs. There was the
19 PACE program that was being thought up and tossed around.
20 I wasn't sure about this program, but maybe there's some
21 confusion between the two, and the PACE being completely
22 separate because that's for private entity programs
23 similar to what we're talking about here but for private.
24 So I really think we need to revisit this.

25 ADMINISTRATOR NUNEZ: But we can bring --

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1 session would be advantageous so that there's an
2 opportunity to do possibly other things if we have an
3 opportunity to speak to him or whatever comes next?

4 ADMINISTRATOR NUNEZ: Gus Nunez, for the
5 record. In my opinion, obviously, you know, the sooner
6 the better. However, it needs to be a well thought out
7 recommendation from the Board. And I'm just thinking
8 back from -- some of the things we were discussing here
9 brought back memories from the last session where the
10 Governor actually recommended an alternative source of
11 funding for our energy efficiency statewide program. I
12 mean, we had things in there, to give you an example,
13 which typically, lighting is like a no-brainer. We had
14 this high mast lighting project at the prisons where the
15 harnesses and -- the poles were fine. Everything else,
16 the actual fixtures and the mechanisms for lowering and
17 raising those, that high mast light, for instance, I
18 think each one of those poles had up to 10 light fixtures
19 on them, over a thousand watts. You could basically
20 replace them, the whole thing, the hardware and
21 everything else, with LEDs at 450 watts per lamp. So how
22 much wattage you're saving for 10 of those lamps in just
23 one pole, I mean, I think the payback was like five
24 years. I mean, it's just like a no-brainer. And other
25 states actually are funding those things for lease

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1 all of that information is from the last session, it's
2 available and we can set up another meeting and share it
3 with you and show you what we came up with, what the
4 engineering showed that the savings were, what the
5 payback was. And we have the full analysis, and it just
6 got -- it just didn't go anywhere. And again, the
7 Governor recommended it. It was stated in the CIP, "You
8 recommended it to -- the Board recommended it to the
9 Governor. The Governor kept it here, and it went on."

10 And one of the issues, I recall, was each
11 agency that we had a project there for -- well, we made
12 sure that we had their support. We had to go to those
13 agencies and say, "You can pay for this thing. Instead
14 of competing with all of the other budgets for the state,
15 you can pay for this thing out of the savings so we don't
16 have to go to geo bonds. We can do it for financing
17 through a lease purchase-type financing. And they agreed
18 to it, but they also needed to do some work in their own
19 budget to effectuate that. And I guess that's the other
20 part that was missing. I think there was some confusion
21 at LCB, and then the whole thing just got dropped.

22 DEPUTY ADMINISTRATOR CHIMITS: Chris Chimits,
23 for the record. That statewide program, energy program
24 that Gus talked to you about, that essentially would have
25 allowed us to be the SGO company where we would realize

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1 the savings ourselves and control the process where we
2 could specify boilers that were of a higher quality than
3 the ones we were getting just at the lowest quality
4 because they paid back the quickest, so we were getting
5 crummy equipment. There were a lot of things like that
6 -- a lot of issues. There's issues with how the State
7 agencies don't behave according to their agreement with
8 the SGO. Go so they trip the agreement up in year four,
9 unbeknownst to us, because we don't go out there and
10 police each State agency in how to behave, and then all
11 of a sudden, the thing is null and void because we were
12 behaving badly in some shape. So we promoted this
13 statewide energy program, and I believe that the reason
14 why it didn't fly is there was no accounting mechanism
15 for each State agency to track and prove savings and
16 report them back. That was the big concern.
17 ADMINISTRATOR NUNEZ: It is one of them.
18 DEPUTY ADMINISTRATOR CHIMITS: That's what
19 hung them up.
20 CHAIR CLUTTS: Bryce Clutts, for the record.
21 Member Gorda, can you or anybody just clarify for me what
22 ESCO means?
23 DEPUTY ADMINISTRATOR CHIMITS: Energy saving
24 company.
25 ADMINISTRATOR NUNEZ: It's just basically --

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1 they usually are licensed contractors that go out and --
2 CHAIR CLUTTS: Is that an acronym?
3 ADMINISTRATOR NUNEZ: Yes, it's an acronym.
4 E-S-C-O.
5 DEPUTY ADMINISTRATOR CHIMITS: It's an energy
6 saving contractor.
7 ADMINISTRATOR NUNEZ: No, no. Basically, you
8 know, it's performance-based contracting, what they're
9 doing, that's what's defined in the law. If you read the
10 law, it talks about performance-based contracting under
11 333 and in the guidelines. For some reason, ESCO is what
12 companies that do this type of work are typically.
13 MEMBER WARD: Chairman Clutts, Ward Patrick
14 for the record. ESCO is energy service company.
15 CHAIR CLUTTS: Thank you.
16 MEMBER TIBERTI: Way to go, Ward.
17 MEMBER GORDA: Member Gorda. How many
18 companies right now are qualified in the State of Nevada?
19 Any idea?
20 ADMINISTRATOR NUNEZ: Ward, he does that
21 program. Can you answer that question?
22 MANAGER PATRICK: Yeah, Ward Patrick, for the
23 record. I don't know the exact number, but we have a
24 letter that includes a list of probably seven or eight.
25 CHAIR CLUTTS: Thank you.

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1 ADMINISTRATOR NUNEZ: That letter is what we
2 forward on to -- Gus Nunez for the record -- on to
3 purchasing saying we've pre-qualified these firms and we
4 give them their information.
5 MEMBER GORDA: Member Gorda. I'd like to
6 work with Gus and his team and take a look at the program
7 and also the qualification process for those contractors
8 which may be a part of the problem. I think it would be
9 a separate qualification program to go through to be
10 working on the State program.
11 ADMINISTRATOR NUNEZ: You bet.
12 CHAIR CLUTTS: Bryce Clutts, for the record.
13 Are there any other questions pertaining to the
14 recommendations or the CIP at this point?
15 MEMBER HAND: Member Hand. I am faculty at
16 UNR. There is a project included here that's a new
17 engineering building, and it's tough to find who would be
18 in the building, though it's possible that I might be in
19 that building at some point in time. I just thought I'd
20 get that out on the table and make sure everybody was
21 aware of that.
22 CHAIR CLUTTS: Bryce Clutts, for the record.
23 Miss Stewart, is there anything that we need to do with
24 regard to that?
25 COUNSEL STEWART: For the record, Susan

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1 Stewart, construction law counsel. No. Member Hand and
2 I had a discussion, and his compensation will in no way
3 be impacted by the construction or lack of construction
4 of this building. It's simply better to err on the side
5 of full disclosure than to not fully disclose, but that's
6 the extent of the disclosure, and the Board doesn't have
7 an objection to that.
8 CHAIR CLUTTS: Staying with the Agenda Item
9 No. 3, at this point, is anyone willing to make a motion
10 with respect to the approval of the 2017 CIP
11 Administrator's recommendation?
12 MEMBER GORDA: I'll move.
13 CHAIR CLUTTS: Member Gorda has motioned. Is
14 there a second?
15 MEMBER HAND: Second.
16 CHAIR CLUTTS: Second from Member Hand. Any
17 discussion?
18 DIRECTOR CATES: For the record, Patrick
19 Cates. I guess I want to understand the process. If we
20 approve this now, what do we do at the next meeting?
21 ADMINISTRATOR NUNEZ: For the record, Gus
22 Nunez. What I will do is I will get a start -- put this
23 list of projects together into a booklet in this form and
24 in the format that we have here that you're seeing here.
25 Hopefully, you will allow me the discretion on that one

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1 project that I said the CMAR's GMP is coming in next
2 week. If you allow me some discretion to adjust up or
3 down that estimate based on the actual bid -- bids that
4 come in, I'd appreciate that. That would be probably a
5 motion, and with that, then I can prepare the letter and
6 run it past the Chairman, make sure everything is okay.
7 If you wanted to add anything to that letter with respect
8 to other sources of funding that should be looked at in
9 the future or anything, then that can be either part of
10 this motion or maybe just a separate motion of something
11 that should be included into that transmittal.

12 COUNSEL STEWART: For the record, Susan
13 Stewart. Just a point of order. So Agenda Item 3 is the
14 action on the Administrator's recommendation. I would
15 ask that we just stick with the Administrator's
16 recommendation and the letter that goes to the Governor
17 just as a cover letter for this. And then if you look at
18 Agenda Item 4, we discuss action at further meetings and
19 things like that, and so I would just ask that we defer
20 that to Agenda Item No. 4 and then we can discuss the
21 September 15th meeting, et cetera. Is that okay?

22 DIRECTOR CATES: For the record, Patrick
23 Cates. I guess I'm still a little confused because we're
24 being asked to approve the Administrator's
25 recommendations, and this is the first time I've seen

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1 that meeting, but I'm definitely in favor of tabling that
2 for a week if the Board would like further review of the
3 recommendations in this format. By all means, I would
4 support that. I don't see any reason for us to be in a
5 rush.

6 MEMBER GORDA: Agreed.

7 COUNSEL STEWART: I have a question. Jeff?

8 COUNSEL MENICUCCI: Yes.

9 COUNSEL STEWART: There's a motion that's
10 been put forward and it's also been seconded, and is the
11 Board changing their mind on that motion? Okay. So is
12 it appropriate for the motion to be withdrawn? How do we
13 proceed if the Board is going to take a different
14 direction?

15 COUNSEL MENICUCCI: I believe the motion can
16 be withdrawn by the member who made it and the person who
17 seconded it.

18 COUNSEL STEWART: Okay. Thank you.

19 CHAIR CLUTTS: Yes, please.

20 DIRECTOR CATES: Member Cates, for the
21 record. I just want to say I don't have any particular
22 problem with this list. I think it's a reasonable list.
23 If we're going to have an opportunity to make other
24 changes in the next meeting, I don't have any objection
25 to voting on this at this time. I just needed to

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1 those. And what I thought we were to going to do was
2 hear those recommendations, justifications for it, have
3 time to spend a little time comparing that to what the
4 agency's requested and then come back and vote on the
5 recommendations that we'd like to make. It just feels
6 like we're being asked to kind of rubber stamp the
7 Administrator's recommendation, and that's what's going
8 to go to our Governor.

9 COUNSEL STEWART: Fair enough.

10 ADMINISTRATOR NUNEZ: And we can have another
11 meeting before the end of the month. And again, this is,
12 as I stated -- Gus Nunez, for the record -- stated at the
13 beginning of the meeting, it complies with NRS 341, and
14 it gives you a starting point. It doesn't say that you
15 have to approve this. You can choose to -- and we -- and
16 the reason it's listed this way on the agenda is just to
17 give you that option. If you want to approve it, fine.
18 If you don't, we can schedule it for a future meeting
19 either way.

20 CHAIR CLUTTS: Bryce Clutts, for the record.
21 I definitely understand and respect where you're coming
22 from. I thought the binder we were provided was kind of
23 for review and then we would have more discussion here
24 today. We have a tentative meeting set up for next
25 Thursday. I don't think we've established a time yet for

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1 understand the process. It's my first time through it,
2 and just kind of felt like well, this is it. We're done.

3 CHAIR CLUTTS: Bryce Clutts, for the record.

4 I think next week's meeting was tentative if we needed to
5 have further discussion beyond today, so there really
6 wasn't -- if I'm correct, there wasn't an agenda per se
7 for next week unless it was to continue the discussion of
8 this and then have a vote at that time.

9 So, Director Cates, if you would be more
10 comfortable with going ahead and having that meeting to
11 give you and the other Board members time to continue to
12 review this, I think that's appropriate.

13 DIRECTOR CATES: For the record, Patrick
14 Cates. I guess it's what the other members feel they
15 want. We can vote on it. If everybody is good to go, a
16 vote for clarity. I apologize. It's just my first time
17 at the rodeo.

18 ADMINISTRATOR NUNEZ: Gus Nunez, for the
19 record. Staff has discussed this, and if you have a lot
20 of comments and things that you wanted to look at between
21 now and then, we were actually going to ask you for a
22 little more time than next Thursday, but if all you want
23 is time to look at the recommendations to study the
24 recommendations a little bit further, then we'd be -- and
25 there's no work that we need to do, then we're good for

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1 next Thursday.
2 MEMBER TIBERTI: Member Tiberti. I agree
3 with Patrick Cates. On the other hand, rather than more
4 time, I'd like to get more money. If you can find that,
5 I would like that. Otherwise, if we're a billion short,
6 unless Patrick has some kind of a pet project or unpet
7 project, to me, I'm willing to do anything because it
8 just looks like you're better organized to pick and
9 choose the winners here because it's such a bad number, a
10 billion 2 to \$200 million, it's like there's a billion
11 missing here, so I'm with you all the way.
12 To me, it's fine, and it is a hurry. It's
13 just the way I read it in my mind is who better to pick
14 things than all of you. I think it's a great program
15 that you did, by the way. We have a humble pie in the
16 car, and I wanted to bring it out before we adjourn
17 because I like the humility part. My wife sent it.
18 Anyway, I assume that -- I'm with you either way. It's
19 just too bad that we're so far behind on this deferred,
20 but it is quick. I think we've had longer discussions
21 before, but it's like we're getting so far down the curve
22 of money and time, that I'm willing to meet again or do
23 whatever makes you comfortable, frankly.
24 CHAIR CLUTTS: Sorry. Mr. Bentley.
25 MEMBER BENTLEY: Member Bentley. I'd concur

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1 with Member Tiberti. This program that's been put
2 together for us, I don't think that in a week's time,
3 we're going to disseminate and change anything drastic
4 within this part of the program, but I do feel that we
5 need to follow up not next week, but in the near future
6 to do what we want to do for other possible changes and
7 recommendations to the Governor on how we address this
8 kicking the can down the road. That's my part in the
9 discussion.
10 MEMBER GORDA: Member Gorda. I think we're
11 somewhat dependent on your integral knowledge of these
12 issues that certainly aren't in the book, and I feel I'm
13 somewhat dependent on your professionalism on picking the
14 right selection, so I'm backed. I'm fine to vote on it
15 today.
16 MEMBER HAND: Member Hand, for the record. I
17 feel the same way. Again, you established the criteria
18 that you've shared with us, and I think you've applied
19 your criteria in the context, so I'd actually like to
20 spend some time going through the big book and the little
21 book. And the only thing that jumped out at me was again
22 the fact that some of the military stuff was on there for
23 matching and I think, you know, regarding the situation
24 we're in, and that was answered. So I would feel
25 comfortable proceeding today.

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1 CHAIR CLUTTS: Okay. Bryce Clutts, for the
2 record. We have a motion and a second, neither of which
3 have been approved. We had discussion. All of those in
4 favor?
5 THE BOARD: Aye.
6 CHAIR CLUTTS: Any opposed? The motion
7 carries. Item No. 4 for possible action: Board comment
8 and discussion. Now is the time to discuss items that
9 we'd like to see appear on a future agenda. Obviously, I
10 think number one would be that this Board have some
11 discussion regarding possible recommendations to the
12 Governor about our ideas regarding additional funding
13 sources and ideas on how we possibly address the concerns
14 and serious matter of deferred maintenance in the State
15 of Nevada. Member Stewart?
16 VICE-CHAIR STEWART: Member Stewart, for the
17 record. I think that we do need to move forward how
18 we've talked today. I like the idea of doing something
19 with the rental rates across the board. I've had some
20 conversations with the Governor's office, and I don't
21 know they're thinking about it as well, so I agree it is
22 a tough climate, but it's getting worse year after year,
23 so I think that we should include something in that
24 letter and be prepared to meet with the Governor's Office
25 and be prepared to present.

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1 DEPUTY ADMINISTRATOR CHIMITS: Thank you.
2 Chris Chimits, for the record. Sean, so in that
3 suggestion, would you like to try to get some figures?
4 Do you want us to have that established for this?
5 VICE-CHAIR STEWART: I think we have to. I
6 think we have to make it as realistic as possible so that
7 everyone can take a look at what we're asking of them.
8 And so if we can -- I think we need to explain -- I would
9 like to see if we could explain what the cost is per year
10 to kick this down the road, what it's cost us so far, and
11 what a rental rate would do to that piece of pie.
12 I realize changing the rental rate is
13 probably only one of the issues we need to look at, but I
14 would like to see how much of the pie it takes away by
15 implementing something like that. We need to be able to
16 convince the legislature that this is an investment in
17 our future now that's going to save the State money going
18 forward, and we can't do that just in hypothetical terms.
19 We're going to have to have say, "Look. We waited ten
20 years to do this. This is how much more it's going to
21 cost you." This is why it's crucial to do it now. And I
22 realize it's a tough climate. We have that same
23 conversation. Every agency in the State is being asked
24 to cut the budget by 5 percent right now, so it's a tough
25 climate. At the same time, we're talking about the cost

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1 of replacement, we're talking about these things cost so
2 much more year after year.

3 COUNSEL MENICUCCI: This is Jeff Menicucci.
4 Before you get too far down the road on this, I'd like to
5 ask you to revisit the previous agenda item and clarify
6 whether or not staff has any flexibility with regards to
7 adjusting the item that Mr. Nunez suggested.

8 CHAIR CLUTTS: Bryce Clutts, for the record.
9 I'm not sure that I follow you.

10 COUNSEL STEWART: Gus, do you want to address
11 it?

12 ADMINISTRATOR NUNEZ: Sure. For the record,
13 Gus Nunez. On page 6 of the ADA retrofit, we're going to
14 get a GMP from the CMAR on this. That would be next
15 week. So obviously, if it comes in, I'm hoping that
16 we're not the low bidder here. Usually, we're not. So
17 I'm hoping that it will be less than this, so I would
18 like to be able to adjust down or up, but hopefully it's
19 down, but it's worth it. It absolutely needs to be done
20 or they're going to come in and do it for us. It's one
21 or the other.

22 CHAIR CLUTTS: Bryce Clutts, for the record.
23 With respect to Agenda Item No. 3 and the motion to
24 accept the Administrator's recommendations for the 2017
25 CIP Priority DM 001, giving Mr. Nunez the flexibility to

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1 adjust that number based upon the final CMAR value, is
2 there a motion for that?

3 VICE-CHAIR STEWART: So moved.

4 CHAIR CLUTTS: Member Stewart motioned. Is
5 there a second?

6 MEMBER TIBERTI: Second. Tito Tiberti.

7 CHAIR CLUTTS: Any discussion? All of those
8 in favor?

9 THE BOARD: Aye.

10 CHAIR CLUTTS: Opposed?

11 ADMINISTRATOR NUNEZ: Gus Nunez, for the
12 record. I will report back to you all of what the
13 outcome is. And the recommendation that we sent to the
14 -- actually, the final recommendation, I'll send copies
15 of all of that, at least the executive summary, back to
16 all of you so you can see it along with a letter of
17 transmittal.

18 COUNSEL STEWART: Thank you, Jeff.

19 COUNSEL MENICUCCI: You're welcome. I was
20 just not clear. Sorry.

21 CHAIR CLUTTS: No, thank you. Are we okay to
22 move on to 4, or --

23 COUNSEL MENICUCCI: Yes, I think so.

24 CHAIR CLUTTS: Okay. Thank you. Mr. Nunez?

25 ADMINISTRATOR NUNEZ: For the record, Gus

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1 Nunez. In the analysis, we probably need to not only
2 look at inflation, but I think one of the things that the
3 State needs to address is the permitted maintenance
4 program that we're doing in the state.

5 When I came to B&G, we had folks assigned to
6 buildings, and they did what they knew what to do, and
7 that was it. Other things, some things got done, other
8 things were not. Since I've been there, we've been
9 successful in acquiring some basically state-of-the-art,
10 industry-type software that's been around for a long,
11 long, long time. Why we haven't been using it, I don't
12 know why. And actually, we've gone through all of our
13 buildings now. I think we're about 75, 80 percent going
14 through all of our buildings, identifying each piece of
15 equipment, tagging each piece of equipment that's in all
16 of our buildings, and applying a PM, a preventive
17 maintenance program to that.

18 And the system is now kicking out work orders
19 at this time so that we just don't do what a repair
20 specialist maintenance guy knows what to do and the rest
21 is, since we don't know, it should be okay. I guess
22 that's the way it's been in the past. But B&G is not
23 unique in this area from what I've observed through the
24 state. Seeing our facility group go into a central plant
25 and see the brine tank here for the water treatment is

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1 sitting there empty and a pallet of salt is sitting right
2 next to it. And it just takes someone to just take the

3 salt and put it into the brine tank so you can take care

4 of your wet side of your water treatment. It's just it's
5 -- and that's just, to me, it's just a lack of knowledge,

6 and I think this probably doesn't happen very often, but

7 actually, what I'm telling you, it's happened. I got a

8 phone call one time from our facility guy saying, "I just

9 noticed this thing." And he says, "I'm going to put it

10 down in my report, and it's going to be in big red

11 letters." I said, "Hold on. Let me call the director

12 and let him know what's going on over there, first of

13 all."

14 We are just very close right now with B&G to

15 have an actual preventive maintenance program on the

16 books that actually kicks out work orders and tracks

17 them, and it makes sure that things get done, and if

18 there's training needs, they go out there and don't know

19 this or know that, we're taking care of -- we identify

20 those training needs, and we're getting the folks trained

21 in those areas. Or in the meantime, perhaps we need to

22 -- we do outsource quite a bit of the work. As these

23 things come out and things are identified and we provide

24 the training, we actually see savings because we've

25 identified it, we're not outsourcing it, and we're

1 training our folks how to do it in-house with the same
2 number of folks instead of just hiring somebody and then
3 being there to let them in, to walk them around and to
4 observe what they're doing and then they walk out and we
5 get a bill. So there's savings there.

6 But what I'm trying to say, Sean, is that
7 there are maintenance issues, number one. Number two,
8 you do have -- so that prevents premature failure of
9 equipment that needs to be addressed in the State.
10 Number two is once you do that, obviously, things don't
11 last forever, you know. They've got to be replaced. At
12 some time, you've got to replace them, and you need the
13 proper funding to do that. That needs to also to be
14 addressed. Like you said, maybe through identifying a
15 source of funding, like through a rental rate that you
16 charge everybody that goes into a pot that goes into the
17 CIP for us.

18 Also, another savings is, for instance, when
19 you wait too long, now being part of B&G, we experienced
20 the last two summers, we had two facilities. Last summer
21 got even worse where everybody in the building had to go
22 home. Sawyer Building, a whole bunch of folks that were
23 in there. You send home -- you have to go -- you send
24 everybody that's in the building home for one day.
25 That's a lot of money that you lose, and that's the type

1 discussed, we talked about the success of lease purchase.
2 Some of the departments have come forward about new
3 buildings in the Capitol center, and that's worked for us
4 in the past. That should be on the table for discussion
5 again, and instead of being housed in 12 different
6 places, is housed in one place for the program. It
7 works. It just seems like common sense. I think that's
8 something else that we can look at.

9 ADMINISTRATOR NUNEZ: Gus Nunez, for the
10 record. If you want to have a meeting on this like in
11 the next two weeks, I think what we could present to you
12 is what we've done in the past. We can sort of go back
13 into archives and start pulling things out, work that
14 we've done to date, bring it all together for '17 at that
15 point, and then anything else perhaps that we can do at
16 that time, and then get hopefully some direction from you
17 all and then we can have another meeting and start making
18 some sense as to options and recommendations that you
19 might want to consider for us to polish those up and then
20 bring back, unless you want to wait until we can do more
21 work in this area.

22 MEMBER GORDA: Member Gorda, for the record.
23 I don't think we can have it ready in two weeks that we
24 want to present, so I think you're presenting this. The
25 others can follow.

1 of thing that we asked for the HVAC upgrade last biennium
2 for the server. We didn't get it, but hopefully we'll
3 get it this time of year, but I think we had probably
4 three or four days this last summer in the Sawyer
5 building that everybody had to go home because we had a
6 system failure, and we couldn't get the chillers going,
7 the repairs that were needed for a couple of days, and
8 then it takes a while to cool that building down. It
9 doesn't cool overnight. And that's a 200,000 square-foot
10 building, and you can't cool it, but if you wait, you're
11 losing a lot of productivity by not taking care of it
12 also. I think that's something that I think we can also
13 address or bring up for you for the Board as information
14 that I think you all can evaluate and decide what to
15 recommend to the Governor.

16 CHAIR CLUTTS: Member Tiberti?

17 MEMBER TIBERTI: Roughly how old is the
18 Sawyer building? Can you recall at all?

19 ADMINISTRATOR NUNEZ: I think it's about a
20 '95, '97. It was funded in '93, so probably 20 percent.
21 So it's starting to need new system upgrades, just
22 normal, new roof. It's that time. And in this plan
23 here, especially those chillers need a lot of work here.

24 CHAIR CLUTTS: Bryce Clutts, for the record.
25 I think in addition to the items that we've already

1 COUNSEL STEWART: Susan Stewart, for the
2 record. We could certainly put together a general
3 outline of issues with information that we've put
4 together in the past and then from the general outline,
5 come up with something final for the Governor.

6 The other thing, though, that I want the
7 Board to keep in mind for future meetings, if you'll
8 recall that a hearing with Richardson Construction
9 regarding their qualification was continued, and I
10 proposed that hearing happen today or on the 15th, and
11 neither of those dates were acceptable to Richardson, so
12 just keep that in mind that that is something that I
13 suspect will be scheduled in the next several weeks.

14 CHAIR CLUTTS: Bryce Clutts, for the record.
15 I would just ask that they provide a couple options for
16 the Board's consideration of that meeting date versus
17 what's the posted meeting for them if possible.

18 COUNSEL STEWART: I completely concur, and
19 that is typically -- I suggested September 8th and the
20 15th with the caveat that I needed to confirm that that
21 would be acceptable to the Board. They haven't provided
22 me with any alternative dates, so depending on the
23 outcome of the meeting today, I may be able to go back to
24 them or request alternative dates for them.

25 CHAIR CLUTTS: Mr. Gorda?

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1 MEMBER GORDA: Member Gorda, for the record.
 2 Knowing that there's contractors dependent on this, the
 3 next thing I want to do the make sure we revisit this
 4 prequalification process, and I think it's something on
 5 the table that we can agree to make minor changes to it
 6 quite easily. I don't think it's something that's going
 7 to take weeks.
 8 CHAIR CLUTTS: Okay. Are there any other
 9 items to be included in future agendas? Review of action
 10 items for state Public Works Department Management.
 11 Member Hand?
 12 MEMBER HAND: Yeah. I just have a question
 13 on -- we've heard from the gentleman about the facility.
 14 Is there anything we have to do other than hear from him?
 15 CHAIR CLUTTS: Bryce Clutts, for the record.
 16 You know, I think that there's a cost determined by doing
 17 a feasibility study. I don't know what that cost is.
 18 However, given the \$1 billion shortfall that we have in
 19 addressing other critical needs of the State, I don't
 20 know what else we can do. Mr. Nunez?
 21 ADMINISTRATOR NUNEZ: Gus Nunez, for the
 22 record. The Marlette Lake water system is part of B&G,
 23 it is part of -- and we manage that on behalf of the
 24 director of the park administration, Mr. Cates here, so
 25 we do have some plans here soon to start looking at --

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1 and on that site, anything we do on that site, we have to
 2 consult with Shippell, but what we're currently looking
 3 at is one thing that we need to do at a very small cost
 4 is to develop some kind of a planting program to screen
 5 the property, and our B&G ground crews can do the
 6 planting and extend a drip system up there. But right
 7 now, based on anything we do out there, of course,
 8 affects the budget. The budget is paid by the folks that
 9 use the water, which is Storey County and Carson City.
 10 So it is a process when we spend money. Even though we
 11 don't have to, as a courtesy, we always do. We tell
 12 them, "Here's our plan for next year and the following
 13 year." We actually have a pretty extensive capital
 14 improvement program that we're tracking right now, and we
 15 consult with the State. They're the ones that are going
 16 to end up paying the bill. We consult with them and then
 17 we move forward.
 18 What I can assure you is that the shop is not
 19 going to move in the near future, at least that I know,
 20 especially not up there, because there's no way to get up
 21 there in the winter. As a matter of fact, we've gone
 22 through great expenses so that we can control the system
 23 from down here that's up there because in the winter,
 24 it's very difficult. So the shop probably, in our
 25 opinion, is not going to move if I was to make a

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1 recommendation to the Board, but we do have plans to
 2 screen that area and to do it in a way that will satisfy
 3 the historic preservation folks. So that -- we will do
 4 that.
 5 MEMBER GORDA: Member Gorda. Are you going
 6 to let him know that?
 7 ADMINISTRATOR NUNEZ: Our deputy
 8 administrator for B&G talks to him probably two or three
 9 times a month.
 10 MEMBER HAND: Just for clarification, Member
 11 Hand for the record. The reason I brought it up wasn't
 12 that I was looking for any action. It was just to make
 13 sure that we didn't have an obligation that we weren't
 14 addressing.
 15 CHAIR CLUTTS: Thank you. Bryce Clutts, for
 16 the record. Thank you, Member Hand. Are there any
 17 action items to be reviewed by State Public Works Park
 18 Management?
 19 ADMINISTRATOR NUNEZ: No. Thank you,
 20 Mr. Chairman.
 21 CHAIR CLUTTS: Future meeting date, I don't
 22 believe we have established one at this point, so we'll
 23 just wait to hear from you.
 24 COUNSEL STEWART: We'll poll the Board.
 25 CHAIR CLUTTS: Thank you. Moving on to Item

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1 No. 5 of the agenda, public comment, is there any public
 2 comment from anyone up north?
 3 COUNSEL MENICUCCI: No.
 4 CHAIR CLUTTS: Seeing none down south, the
 5 meeting is adjourned at 11:45. Thank you.
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1 STATE OF NEVADA)
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3 CARSON CITY.)
4
5

6 I, NICOLE HANSEN, Official Court Reporter for the
7 State of Nevada, State Public Works Division, do hereby
8 Certify:
9

10 That on the 8th day of September, 2016, I was
11 present at said meeting for the purpose of reporting in
12 verbatim stenotype notes the within-entitled public
13 meeting;

14 That the foregoing transcript, consisting of pages 1
15 through 88, inclusive, includes a full, true and correct
16 transcription of my stenotype notes of said public
17 meeting.
18

19 Dated at Carson City, Nevada, this 14th day of
20 September, 2016.
21

22
23
24 NICOLE HANSEN, NV CCR #446
25

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